

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 325

Short Title: Reenact Child Care Credit. (Public)

Sponsors: Representatives Holley and Luebke (Primary Sponsors).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Finance, if favorable, Appropriations.

March 24, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO REENACT THE CREDIT FOR CHILD CARE AND CERTAIN
3 EMPLOYMENT-RELATED EXPENSES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-151.11 is reenacted as it existed immediately before its
6 repeal, is recodified as G.S. 105-153.11, and reads as rewritten:

7 "**§ 105-153.11. Credit for child care and certain employment-related expenses.**

8 (a) Credit. – A person who is allowed a credit against federal income tax for a
9 percentage of employment-related expenses under section 21 of the Code shall be allowed as a
10 credit against the tax imposed by this Part an amount equal to the applicable percentage of the
11 employment-related expenses as defined in section 21(b)(2) of the Code. In order to claim the
12 credit allowed by this section, the taxpayer must provide with the tax return the information
13 required by the Secretary.

14 (a1) Applicable Percentage. – For employment-related expenses that are incurred only
15 with respect to one or more dependents who are seven years old or older and are not physically
16 or mentally incapable of caring for themselves, the applicable percentage is the appropriate
17 percentage in the column labeled "Percentage A" in the table below, based on the taxpayer's
18 adjusted gross income determined under the Code. For employment-related expenses with
19 respect to any other qualifying individual, the applicable percentage is the appropriate
20 percentage in the column labeled "Percentage B" in the table below, based on the taxpayer's
21 adjusted gross income determined under the Code.

22 Filing Status	Adjusted Gross 23 Income	Percentage A	Percentage B
25 Head of 26 Household	Up to \$20,000	9%	13%
	Over \$20,000 28 up to \$32,000	8%	11.5%
	Over \$32,000	7%	10%
32 Surviving 33 Spouse or 34 Joint Return	Up to \$25,000	9%	13%



1		Over \$25,000		
2		up to \$40,000	8%	11.5%
3				
4		Over \$40,000	7%	10%
5				
6	Single	Up to \$15,000	9%	13%
7				
8		Over \$15,000		
9		up to \$24,000	8%	11.5%
10				
11		Over \$24,000	7%	10%
12				
13	Married			
14	Filing			
15	Separately	Up to \$12,500	9%	13%
16				
17		Over \$12,500		
18		up to \$20,000	8%	11.5%
19				
20		Over \$20,000	7%	10%

21 (b) Employment Related Expenses. – The amount of employment-related expenses for
 22 which a credit may be claimed may not exceed three thousand dollars (\$3,000) if the taxpayer's
 23 household includes one qualifying individual, as defined in section 21(b)(1) of the Code, and
 24 may not exceed six thousand dollars (\$6,000) if the taxpayer's household includes more than
 25 one qualifying individual. The amount of employment-related expenses for which a credit may
 26 be claimed is reduced by the amount of employer-provided dependent care assistance excluded
 27 from gross income.

28 (c) Limitations. – A nonresident or part-year resident who claims the credit allowed by
 29 this section shall reduce the amount of the credit by multiplying it by the fraction calculated
 30 under G.S. 105-134.5(b) or (c), as appropriate. No credit shall be allowed under this section for
 31 amounts deducted in calculating North Carolina taxable income. The credit allowed by this
 32 section may not exceed the amount of tax imposed by this Part for the taxable year reduced by
 33 the sum of all credits allowable, except for payments of tax made by or on behalf of the
 34 taxpayer."

35 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,
 36 2015.